

**ASSEMBLY BILL**

**No. 1229**

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**Introduced by Assembly Member Feuer**

February 18, 2011

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An act to amend Sections 64111 and 64132 of the Government Code, relating to transportation financing, and making an appropriation therefor.

LEGISLATIVE COUNSEL'S DIGEST

AB 1229, as introduced, Feuer. California Transportation Financing Authority Fund: subsidies: local agency revenue bonds.

The California Transportation Financing Authority Act sets forth the duties of the California Transportation Financing Authority in issuing certain transportation financing instruments, or approving their issuance by various local or regional agencies. The authority is authorized to expend moneys in the continuously appropriated California Transportation Financing Authority Fund to secure the issuance of bonds issued by the authority and cover various related costs, among other things.

This bill would authorize the authority to direct the Treasurer to utilize unrestricted moneys in the fund to subsidize the payment of interest by those local or regional agencies on revenue bonds issued by those agencies pursuant to these provisions.

Vote: majority. Appropriation: yes. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1     SECTION 1. Section 64111 of the Government Code is  
2 amended to read:

3     64111. (a) Prior to issuing or approving the issuance of bonds  
4 for a project, the authority shall determine that the revenues and  
5 other moneys available for a project will be sufficient to pay debt  
6 service on the bonds and to operate and maintain the project over  
7 the life of the bonds consistent with the objective set forth in  
8 Section 64105. The authority may hire outside consultants to assist  
9 in making these determinations.

10    (b) The authority may issue or approve the issuance of bonds  
11 to achieve any of its purposes under this division and bonds may  
12 be issued without investment grade ratings, as long as the bonds  
13 are sold only to qualified institutional buyers or accredited investors  
14 who attest upon purchase that they understand the nature of the  
15 risks of their investment. The bonds may be taxable or tax exempt  
16 and may be sold at public or private negotiated sale. The Treasurer  
17 shall serve as the agent for sale for all authority bond issues, and  
18 shall be reimbursed from bond proceeds to cover the Treasurer's  
19 costs related to the issuance of these bonds. As used in this  
20 subdivision, "accredited investor" shall have the meaning as  
21 defined in subdivision (a) of Section 5950, and "qualified  
22 institutional buyer" shall have the meaning as defined in  
23 subdivision (h) of Section 5950.

24    (c) The project sponsor may request that it be the issuer of the  
25 bonds. The authority may grant the request if it determines that  
26 the revenues and other moneys available for the project will be  
27 sufficient to pay debt service on the bonds and to operate and  
28 maintain the project over the life of the bonds. A project sponsor  
29 for which the authority has granted a request that the project  
30 sponsor issue the bonds, in addition to any other powers it may  
31 have under any other law, shall have all of the powers of the  
32 authority under this division necessary or convenient for the  
33 purpose of issuing, securing, and repaying the bonds and financing  
34 or refinancing the project. This provision is a complete, additional,  
35 and alternative method of accomplishing the matters authorized,  
36 and the project sponsor need not comply with any other law relating  
37 to the issuance of bonds, financing of projects and, if applicable,  
38 the imposition and collection of tolls.

(d) The authority may arrange additional credit support for the bond issues, *including, but not limited to, interest subsidies provided pursuant to subdivision (e) of Section 64132*. However, the authority may not compel project sponsors to make use of that credit enhancement, nor compel them to contribute to it by becoming part of a common credit or by providing funding for a common reserve or other enhancement mechanism.

SEC. 2. Section 64132 of the Government Code is amended to read:

64132. (a) The California Transportation Financing Authority Fund is hereby created and continued in existence in the State Treasury, to be administered by the authority. Notwithstanding Section 13340 of the Government Code, all moneys in the funds shall be continuously appropriated without regard to fiscal year for the purposes of this division. The authority may pledge any or all of the moneys in the fund as security for payment of the principal of, and interest on, any particular issuance by the authority of bonds issued pursuant to this division, or any particular secured or unsecured loan made pursuant to subdivision (g) or (h) of Section 64107, and, for that purpose or as necessary or convenient to the accomplishment of any other purpose of the authority, may divide the fund into separate accounts. All moneys accruing to the authority pursuant to this part from whatever source shall be deposited in the fund.

(b) Subject to the priorities that may be created by the pledge of particular moneys in the fund to secure any issuance of bonds of the authority, and subject further to the costs of loans provided by the authority pursuant to subdivisions (g) and (h) of Section 64107, and subject further to any reasonable costs that may be incurred by the authority in administering the program authorized by this division, all moneys in the fund derived from any source shall be held in trust for the security and payment of bonds of the authority and shall not be used or pledged for any other purpose so long as the bonds are outstanding and unpaid. However, nothing in this section shall limit the power of the authority to make loans with the proceeds of bonds in accordance with the terms of the resolution authorizing the same.

(c) Pursuant to any agreements with the holders of particular bonds pledging any particular assets, revenues, or moneys, the authority may create separate accounts in the fund to manage

1 assets, revenues, or moneys in the manner set forth in the  
2 agreements.

3 (d) The authority may, from time to time, direct the Treasurer  
4 to invest moneys in the fund that are not required for its current  
5 needs, including proceeds from the sale of any bonds, in the eligible  
6 securities specified in Section 16430 as the agency shall designate.  
7 The authority may direct the Treasurer to deposit moneys in  
8 interest-bearing accounts in state or national banks or other  
9 financial institutions having principal offices in this state. The  
10 authority may alternatively require the transfer of moneys in the  
11 fund to the Surplus Money Investment Fund for investment  
12 pursuant to Article 4 (commencing with Section 16470) of Chapter  
13 3 of Part 2 of Division 4 of Title 2. All interest or other increment  
14 resulting from an investment or deposit shall be deposited in the  
15 fund, notwithstanding Section 16305.7. Moneys in the fund shall  
16 not be subject to transfer to any other fund pursuant to any  
17 provision of Part 2 (commencing with Section 16300) of Division  
18 4 of Title 2, excepting the Surplus Money Investment Fund.

19 (e) *The authority may direct the Treasurer to utilize unrestricted*  
20 *moneys in the fund, including interest or other increment resulting*  
21 *from an investment or deposit of unrestricted moneys, to subsidize*  
22 *the payment of interest by project sponsors on revenue bonds*  
23 *issued by those project sponsors pursuant to this division.*